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TAGS: [ELAB](#) [PHUM](#) [PGOV](#) [ETRD](#) [CO](#)
SUBJECT: A/S SULLIVAN ASSURES TRADE CONFEDERATIONS ON FTA

Classified By: Charge d'Affaires Milton K. Drucker.
Reason: 1.4 (b,d)

SUMMARY

11. (C) In a cordial 40 minute meeting on October 25, EB Assistant Secretary Daniel Sullivan said the U.S. shared labor leaders' goal of poverty reduction in Colombia, and explained the FTA would be instrumental toward this end. The presidents of the CUT (555,000 workers), the CTC (55,000 workers), and the deputy secretary general of the CGT (135,000 workers) predicted the FTA would be ratified, but expressed concerns it would worsen labor conditions, unemployment, and salary levels. The labor leaders also highlighted a lack of infrastructure and technology as factors that would affect Colombia's ability to compete in an open market. End Summary.

A/S SULLIVAN: FTA WILL REDUCE POVERTY

12. (C) A/S Sullivan said the U.S. shared with Colombian labor leaders the goal of reducing poverty levels, and explained the FTA would achieve this by making Colombia more competitive. According to A/S Sullivan, the challenge was to "integrate all aspects of Colombian society into benefiting from broader economic growth." He explained that while the FTA would not be renegotiated, the U.S. valued the opinions and concerns of Colombian labor. The three labor leaders said they lacked confidence that the FTA would benefit Colombia, but accepted that it would be ratified.

LABOR LEADERS: FTA WILL WORSEN LABOR CONDITIONS

13. (C) The CUT's Carlos Rodriguez, the CTC's Apicedes Fernandez, and the CGT's William Millan said labor conditions in Colombia were poor, and the FTA would worsen them. Millan explained labor reforms passed in 2002 lowered wages for overtime work and increased the use of temporary contracts. Rodriguez claimed that approximately 75 percent of Colombian workers were employed under "precarious" means of subcontracting, associated cooperatives, or temporary contracts. According to the labor leaders, the FTA would worsen labor conditions by forcing companies here to become more competitive. "Labor is always the first cost to be cut," Millan said. Rodriguez argued that organized labor could not accept poor work conditions under the argument of, "We have to compete."

LACK OF INFRASTRUCTURE, TECHNOLOGY

¶4. (C) The labor leaders said Colombia's lack of infrastructure and technology affected its ability to compete. The CGT's Millan stated that 60 percent of export production was located in Bogota, but the nearest port was over 800 kilometers away. He explained transportation was hampered by high gas costs, a vulnerable and limited highway system, and no modern railway. The CUT's Rodriguez said lack of technology was a major problem, and that the FTA would "wipe out" entire sectors due to the technological gap between American and Colombian companies. Both he and the CTC's Fernandez predicted agriculture, specifically sugar, and agro-industry would be most negatively impacted.

DEBATE OVER BENEFITS OF OPEN ECONOMY

¶5. (C) The CGT's Millan questioned the benefits of an open economy to Colombia. According to Millan, steady opening of Colombia's economy since 1990 had not brought any benefits. He argued that in order to compete in such an open market environment, the economy would have to export the surplus of its domestic consumption, and Colombia did not enjoy such a surplus. A/S disagreed, explaining studies had shown that countries with open market policies grow faster than closed economies and highlighting the strength of the U.S. economy, in spite of running a current account deficit.

LABOR CLAIMS BENEFITS OF ECONOMIC GROWTH NOT EVEN

¶6. (C) According to the labor leaders, Colombia's economic growth has not benefited its workers. The CUT's Rodriguez said Colombia was enjoying a growth rate of 5.9 percent annually, but employment rates had declined and poverty rates had risen. He claimed the gains of economic growth had been directed to the country's most wealthy. A/S Sullivan interjected that he understood unemployment and poverty had declined in recent years because of strong economic growth. The CTC's Fernandez argued that in order to combat poverty and take advantage of free trade agreements, workers needed to contribute to the economy, but that salaries were not sufficient to do this. He said 80 percent of Colombians earned less than 500 USD per month. Rodriguez claimed 6 million Colombian workers earned less than minimum wage, with 2-3 million earning below 50 percent of minimum wage.

SOCIAL CONDITIONS AND THE FTA

¶8. (C) The labor representatives said the GOC and Colombian business leaders needed to pay more attention to the country's social conditions. The CTC's Fernandez suggested including a social development chapter in the FTA, and also called on business leaders to assume more social responsibility. The CUT's Rodriguez stated that the GOC buoyed several financial institutions when faced with a crisis, but claimed these businesses had not given anything back to society.

LABOR CRITICIZES FTA PROCESS, DEFENDS OPPOSITION

¶9. (C) The labor leaders expressed concern over the USG's approach to negotiating free trade agreements and the GOC's lack of openness in its own position. The CGT's Millan requested that the U.S. do a better job "considering the Colombian reality and the internal conflict here." The CUT's Rodriguez complained that the U.S.-Colombia FTA's labor chapter was identical to CAFTA's. The CGT's Millan claimed that Colombian FTA negotiators had promised to consider

labor's interests in the debate, but that the GOC never solicited concerns from the trade confederations. Rhett Doumitt of AFL-CIO's Solidarity Center, explained that the AFL-CIO had signed a joint declaration with Colombia's trade confederations, criticizing both the process and content of the FTA. He said it was important for the AFL-CIO to work closely with the trade confederations to ensure the FTA respects workers' rights.

¶10. (C) The labor leaders asserted that organized labor's opposition to the FTA was not "capricious." Rodriguez explained, "We do not say no, simply for no's sake." The leaders also expressed affinity for the United States, with Millan saying, "We look up to you." Rodriguez described organized labor as a "friend of integration," explaining that globalization demanded that labor maintain an active analysis and dialogue on the issue.

¶11. (C) A/S Sullivan concluded by saying although there were obvious differences of opinion about the FTA, the U.S. shared the labor leaders' goals of greater prosperity and lower poverty levels for the people of Colombia.

¶12. (U) This cable has been cleared by A/S Sullivan.
DRUCKER